

Message Text

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ACTION EB-11

INFO OCT-01 EUR-25 EA-11 ADP-00 PA-03 PRS-01 USIA-15

AID-20 CIAE-00 FRB-02 INR-10 NSAE-00 RSC-01 XMB-07

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FM AMEMBASSY LONDON

TO SECSTATE WASHDC 3286

INFO AMEMBASSY BONN

AMEMBASSY PARIS

AMEMBASSY ROME

AMEMBASSY TOKYO

USMISSION EC BRUSSELS

USMISSION OECD PARIS

USDOC WASHDC

TREASURY DEPT WASHDC

UNCLAS LONDON 9285

DEPARTMENT FOR FRB

E.O. 11652: N/A

TAGS: ECON, UK

SUBJ: UK TRADE IN JULY

BEGIN SUMMARY: IN JULY, THE UK RECORDED A VISIBLE
TRADE DEFICIT OF 159 MILLION POUNDS (S.A.) WITH EXPORTS
OF 982 MILLION POUNDS (F.O.B., S.A.) AND IMPORTS OF
1,141 MILLION POUNDS (F.O.B., S.A.). THE BALANCE ON
SERVICES AND OTHER TRANSACTIONS IS ESTIMATED TO HAVE
BEEN RUNNING AT A MONTHLY SURPLUS OF ABOUT 58 MILLION
POUNDS. THE CURRENT ACCOUNT IS ESTIMATED TO HAVE BEEN IN
DEFICIT OF 101 MILLION POUNDS. END SUMMARY

1. IN JULY, THE UK HAD A VISIBLE TRADE DEFICIT OF 159

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MILLION POUNDS (S.A., F.O.B., B/P BASIS), COMPARED WITH A

VISIBLE TRADE DEFICIT OF 138 MILLION POUNDS IN JUNE AND A DEFICIT OF 211 MILLION POUNDS IN MAY. IN THE THREE-MONTH PERIOD MAY-JULY, THE AVERAGE MONTHLY DEFICIT ON VISIBLE TRADE WAS 169 MILLION POUNDS COMPARED WITH 111 MILLION POUNDS A MONTH IN THE PERIOD FEBRUARY-APRIL. A WORSENING IN THE TERMS OF TRADE IS RESPONSIBLE FOR THE INCREASE IN THE TRADE DEFICIT. BETWEEN FIRST AND SECOND QUARTERS 1973 IMPORT PRICES HAVE INCREASED BY 8 PERCENT AND EXPORT PRICES BY 4 PERCENT. IN VOLUME TERMS EXPORTS ROSE BY 4 PERCENT AND IMPORTS SEEM TO BE LITTLE CHANGED.

2. THE VALUE OF UK EXPORTS IN JULY WAS A RECORD 982 MILLION POUNDS (S.A., F.O.B., B/P BASIS), UP FROM 974 MILLION POUNDS IN JUNE, AND 910 MILLION POUNDS IN MAY. EXPORTS WERE UP 5 PERCENT IN THE MAY-JULY PERIOD WHEN COMPARED TO THE PREVIOUS THREE MONTHS. EXPORTS TO THE EC INCREASED BY 9 PERCENT AND TO THE STERLING AREA OUTSIDE EUROPE BY 8 PERCENT WHEN THE TWO THREE-MONTH PERIODS ARE COMPARED. SHIPMENTS TO NORTH AMERICA AND EFTA FELL SLIGHTLY.

3. THE VALUE OF UK IMPORTS IN JULY WAS A RECORD 1,141 MILLION POUNDS (S.A., F.O.B., B/P BASIS), UP FROM 1,112 MILLION POUNDS IN JUNE AND 1,121 MILLION POUNDS IN MAY. IN THE PERIOD MAY-JULY, IMPORTS WERE UP 11 PERCENT WHEN COMPARED TO THE PREVIOUS THREE-MONTH PERIOD. IN COMPARING THESE TWO PERIODS, IMPORTS FROM WESTERN EUROPE WERE UP 14 PERCENT, FROM THE EC BY 17 PERCENT, FROM EFTA BY 6 PERCENT, AND FROM NORTH AMERICA BY 3 PERCENT. THE INCREASE IN THE VALUE OF IMPORTS CAN BE LARGELY ATTRIBUTED TO HIGHER IMPORT PRICES WHICH REFLECT THE WORLD SITUATION FOR MANY PRODUCTS AND TO A LESSER EXTENT THE DEPRECIATION OF THE POUND.

4. THE SURPLUS ON INVISIBLES CONTINUES TO RUN AT AN ESTIMATED 58 MILLION POUNDS A MONTH. THE CURRENT ACCOUNT FOR JULY IS THUS PUT AT A DEFICIT OF 101 MILLION POUNDS COMPARED TO A DEFICIT OF 80 MILLION POUNDS IN JUNE.

5. THE TOTALS FOR THE VISIBLE TRADE ACCOUNT FOR THE FIRST UNCLASSIFIED

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SEVEN MONTHS OF 1973 COMPARED TO THE FIRST SEVEN MONTHS OF 1972 ARE AS FOLLOWS:

	EXPORTS	IMPORTS	BALANCE
1972	5289	5451	-162
1973	6451	7372	-921

NOTE: ALL FIGURES F.O.B., S.A., B/P BASIS IN MILLIONS OF POUNDS.

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